

## Message Text

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PAGE 01 BANGKO 12563 090619Z  
ACTION ABF-01

INFO OCT-01 EA-09 SS-15 ISO-00 /026 W  
-----090623Z 127327 /10

P R 090440Z JUN 77  
FM AMEMBASSY BANGKOK  
TO AMEMBASSY JAKARTA PRIORITY  
INFO USGAO HONOLULU HAWAII  
SECSTATE WASHDC 3009

UNCLAS BANGKOK 12563

FOR AMBASSADOR NEWSOM FROM STAFFORD, MANAGER, BANGKOK OFFICE,  
USGAO, SECSTATE FOR DIRECTOR, OPERATIONS ANALYSIS AND GAO  
LIAISON (BF-GAO); BKK -77-25

E.O. 11652: N/A  
TAGS: AFSP, AGAO  
SUBJ: REVIEW OF PROPOSAL TO IMPORT LIQUEFIED NATURAL GAS  
FROM INDONESIA

REF: A) STATE 30194, B) STATE 119724

THE U.S. GENERAL ACCOUNTING OFFICE WILL INITIATE THE  
INDONESIA SEGMENT OF THE SUBJECT REVIEW ON OR ABOUT JUNE 20,  
1977. DEPARTMENT OF STATE HAS BEEN NOTIFIED OF THIS  
ASSIGNMENT (REF.A.)

OUR WORK IS PART OF A GAO REVIEW OF THE PROBLEMS AND  
EFFECTS OF U.S. DELAYS IN DECIDING ON A PROPOSAL TO IMPORT  
LIQUEFIED NATURAL GAS (LNG) FROM INDONESIA. OUR BAISC  
APPROACH WILL BE A CASE STUDY ANALYSIS OF THE FACTORS  
INVOLVED IN PLANNING, NEGOTIATING, AND CONSTRUCTING THE  
LIQUEFACTION COMPLEX IN NORTHERN SUMATRA AND THE EFFECTS  
OF DELAYS TO PROJECT PARTICIPANTS. A NUMBER OF ISSUES WILL  
BE ADDRESSED INCLUDING:

--THE U.S. GOVERNMENT'S ROLE IN CONTRACT AND OTHER  
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NEGOTIATIONS;  
--INDONESIA'S PRICING POLICY AND INTERESTS IN U.S.  
MARKETS;  
--SECURITY OF SUPPLY CONSIDERATIONS;  
--U.S. EXPORT OPPORTUNITIES AND THE ROLE OF EXIMBANK  
FINANCING; AND  
--THE ROLE OF AID (IF ANY) IN LNG RELATED PROJECTS.

WE WOULD LIKE TO DISCUSS THESE AND OTHER ISSUES WITH APPROPRIATE MISSION, INDUSTRY AND HOST COUNTRY OFFICIALS. IN ORDER TO FACILITATE OUR REVIEW, WE WOULD APPRECIATE THE MISSION'S ASSISTANCE IN ACCUMULATING AVAILABLE DATA PRIOR TO OUR ARRIVAL. SUCH INFORMATION MIGHT INCLUDE: (1) CURRENT AND PROJECTED INDONESIA GAS RESERVES, PRODUCTIVE CAPACITY AND OUTPUT, AND TRADE PATTERNS; (2) THE EXTENT OF U.S. EXPORTS TO DATE TOWARD DEVELOPMENT OF INDONESIA'S LNG FACILITIES AND ESTIMATED TOTAL VALUE AT COMPLETION OF FACILITIES; (3) MISSION ANALYSIS OF NEGOTIATIONS BETWEEN INDONESIA AND INDUSTRY OVER LNG ISSUES. WE WOULD ALSO APPRECIATE THE MISSION'S ASSISTANCE IN MAKING ARRANGEMENTS FOR VISITING THE ARUN GAS FIELDS AND LNG PLANT COMPLEX.

THE REVIEW WILL BE UNDER THE GENERAL DIRECTION OF JAMES N. STAFFORD, MANAGER, BANGKOK OFFICE AND SHOULD BE COMPLETED IN APPROXIMATELY TWO WEEKS. GAO AUDIT TEAM, MESSRS. F. WHITNEY GLYNN (GAO, WASHINGTON-SEE REF. B), LYNN B. MOORE, AND GEORGE W. MOORE, JR. WILL ARRIVE JAKARTA ON JUNE 20 VIA TG 423 AT 1215. STAFF WOULD LIKE TO MEET WITH EMBASSY OFFICIALS IN THE MORNING OF JUNE 21 TO DISCUSS THE NATURE AND SCOPE OF THE REVIEW IN MORE DETAIL. PLEASE MAKE HOTEL RESERVATIONS FOR TWO SINGLES FOR L. MOORE AND G. MOORE AT THE PRESIDENT HOTEL FOR PERIOD JUNE 20-JULY 1, AND CONFIRM MR. GLYNN'S RESERVATION AT THE BOROBUDUR INTERCONTINENTAL FOR THE PERIOD JUNE 20-28.

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I CERTIFY THAT MESSRS. LYNN B. MOORE AND GEORGE W. MOORE, JR. HAVE BEEN GRANTED SECURITY CLEARANCE FOR OFFICIAL PURPOSES FOR ACCESS TO SECURITY INFORMATION CLASSIFIED UP TO AND INCLUDING TOP SECRET ON THE BASIS OF EXECUTIVE ORDER 10450. THIS CERTIFICATION IS NOT TO BE HONORED UNLESS THEY PRESENT OFFICIAL CREDENTIALS OF GAO. WHITEHOUSE

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
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**Status:** NATIVE  
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**TAGS:** AFSP, AGAO  
**To:** JAKARTA  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009